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SUBJECT: ITALY: RUTELLI DISCUSSES CENTER-LEFT FOREIGN
POLICY FOCUS

REF: ROME 122

Classified By: Ambassador Ronald Spogli for reasons 1.4 (b) and (d).

1. (C) SUMMARY. At a February 3 lunch with Daisy Party leader Francesco Rutelli, the Ambassador stressed the importance of NATO to the Transatlantic Alliance and registered our concern that a future center-left government not look to Europe at the expense of Italy's historically strong bilateral relationship with the U.S. Rutelli tried to assure the Ambassador that an Italy influential inside Europe was also in the U.S. interest and said the center-left believes in strong relations with both Europe and the U.S. He said NATO is essential to European security policy. However, Rutelli admitted the actual policies will depend on the relative strength of the political parties that form the center-left after all votes are counted. END SUMMARY.

2. (SBU) The Ambassador hosted Daisy party leader Francesco Rutelli for lunch February 3. The atmosphere was relaxed and friendly with Rutelli earnestly trying to display his desire for partnership with the U.S. should the center-left win the April 9 national elections. Rutelli was accompanied by Daisy Foreign Affairs Director and Europarlamentarian Lapo Pistelli and Member of Parliament Gianni Vernetti. The Ambassador was accompanied by POL M/C and Poloff.

BETTER EUROPEAN RELATIONS: CONTINUED STRONG US TIES

3. (C) The Ambassador noted that center-left leaders spoke frequently of a need to increase Italy's influence in Europe and expressed concern that the center-left's turn to Europe not come at the expense of historically strong U.S.-Italian relations. Rutelli said that Italy's strength inside Europe had diminished under PM Berlusconi and that the center-left's priority would be to fortify its relationship in Europe without weakening its ties to the U.S. Pistelli recognized that, from the U.S. perspective, U.S.-Italian relations have never been stronger than in the past four years. However, he continued, Italy has lost influence inside Europe and this has made Italy a less useful friend to the U.S. It would be in the U.S. interest, he suggested, for the U.S. to have a close friendship with an Italy that also carries weight inside Europe.

4. (C) Rutelli expanded on the "useful friend" theory by noting that Europe is passing through a transition period in which Italy can play a critical role. He said that Angela Merkel is dramatically changing Germany's foreign policy focus; that changes might occur in the leadership of the United Kingdom in the near future; and that France was politically paralyzed until elections in 2007. This provides Italy a unique moment to wield substantial influence in Europe. Rutelli added that Jacques Chirac does not want to be remembered as the President who stalled EU integration, so the time might be ripe for compromise on tricky integration issues, including the EU budget. Rutelli favors a seat for the EU in the UN Security Council and said a Prodi government would use its rotating seat in 2007 for that purpose.

5. (C) Rutelli said there is no such thing as a multipolar world in which the U.S. and the EU compete for influence with one another. He said the U.S. and the EU are the same pole. To Rutelli's apparent surprise, Pistelli admitted that the Union platform makes reference to a multipolar world with competing U.S.-EU interests and referred to that as a compromise that he was forced to accept.

NATO AND DEFENSE ISSUES

6. (C) The Ambassador expressed concern that NATO does not figure prominently in the Union platform. Rutelli responded that Italy must increase its defense spending but it will be difficult to find the resources to do so given Italy's current budget constraints. He expressed support for a common EU defense policy and said this will help make NATO stronger. Rutelli responded that Europe and the Transatlantic Alliance are two fundamental pillars of the Daisy Party defense policy. Pistelli continued that it is

inconceivable to imagine European security without NATO and commented that it would not even be technologically possible for at least twenty years. Pistelli, expressing his belief that Washington remains unsure as to the future role of NATO, also commented that the "coalition of the willing" had weakened NATO. Rutelli dismissed concerns that radical elements of the Union opposed to Italy's membership in NATO could influence defense policy. He said Union PM candidate Romano Prodi is committed to NATO and is close to the U.S.

ITALIAN TROOPS IN IRAQ

17. (C) Rutelli actually opened the substantive portion of the conversation by referring to the frank conversation he had had with the Ambassador on Italian troop deployments in Iraq (A). Rutelli asked what the difference was between the center-left's intention to announce a troop withdrawal and Defense Minister Martino's actual announcement of troop withdrawals by the end of 2006. The Ambassador noted that campaign theatrics probably affected the government's announcement but made it clear that we understand current troop withdrawals to be conditions-based. He noted that a source close to Prodi had indicated there would be a clear deadline for completing the center-left's withdrawal plans and we would consider telegraphing a specific end point a very unhelpful signal to send. The Ambassador also noted that Prodi's most recent announcement had failed to mention the need to consult with the U.S. prior to taking action. Rutelli seemed surprised, but Pistelli confirmed the Ambassador's statement. COMMENT: Prodi's standard line on Italian troop withdrawals from Iraq generally includes reference to consultations with the U.S. Not all members of his coalition agree with this, and it is likely Prodi was playing to his audience of leftist Europarlamentarians when he made this most recent comment. END COMMENT.

ITALIAN ENGAGEMENT IN THE WORLD

18. (C) Rutelli said Italy should be actively engaged in the world with an emphasis on the Middle East where Italy should not be a mere spectator but actively involved. He said Italy has had a large military presence in the Balkans and spent considerable amounts of money but has not been part of the political decision-making process. Rutelli said that would change with a Prodi government. He predicted a potentially nuclear-armed Iran would be the biggest foreign policy challenge of the next few years. He credited Berlusconi for improving the Italian relationship with Israel but said Italy has ceded too much space to Spain in Latin America. He said Italy is a natural partner of many Latin American countries because of the large Italian population there.

DEALING WITH HAMAS

19. (C) Rutelli said that Hamas must be willing to set aside its militia if it intends to govern. Pistelli espoused a firm but flexible approach but cautioned that the international community cannot expect Hamas to do in a week what many Arab countries still have not formally done: publicly recognize Israel's right to exist. He said Hamas must do so eventually but that it could not happen immediately. All agreed with Pol M/C that Hamas cannot participate in government while supporting the use of terrorism as a political tool, and that Hamas' participation in the Palestinian Authority would mean implicit acceptance of a product of the Oslo Peace Accords, and thus acceptance of the result of a process of negotiations with Israel. Rutelli noted that Hizbollah has participated in the government in Lebanon while not renouncing violence though he recognized that Hizbollah's violence is directed at Israel and not Lebanon.

COUNTER TERRORISM/INTELLIGENCE REFORM

110. (C) Rutelli expressed full support for Minister of Interior Pisanu's policy of expelling Muslim imams who espouse violence. He criticized the independent magistracy's uncoordinated approach to prosecuting terrorists and terror sympathizers and said Italy needs to establish a centralized counter terrorist magistracy modeled after the anti-mafia magistracy. Without providing details, Rutelli also said Italy's intelligence services are still structured to combat the cold war and must be reformed.

WHAT IS THE UNION COALITION

111. (C) When challenged on whether Prodi would be able to maintain the relatively moderate foreign policies promoted by

the Daisy Party and the Democrats of the Left (DS), Rutelli generally responded that the two parties form 85 percent of the Union coalition and would set the general program. However, he frequently hedged when pressed, saying the actual policy will not be known until votes are counted on April 9 and the relative strengths of each coalition member are known.

COMMENT

12. (C) COMMENT: Rutelli sought out this meeting and, as in previous occasions, tried earnestly to portray himself and the center-left as a reliable partner for the U.S. on important foreign policy issues and in the war on terrorism. He was especially eager, if not fully convincing, to explain that a center-left move toward Europe would not come at the expense of relations with the U.S. He was also adamant that NATO should sit at the core of European defense policy, even if he claimed nobody is yet sure what the future of NATO looks like. We generally agree with his assessment that the Daisy and DS form a core of the Prodi coalition that would independently develop policies relatively compatible with U.S. interests. However, like Rutelli, we believe their ability to proceed with those policies will depend on the relative strength of the hard left. END COMMENT.
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